

FOR OFFICIAL USE ONLY
NAVAL CRIMINAL INVESTIGATIVE SERVICES
RECORDS MANAGEMENT DIVISION
LAW ENFORCEMENT RECORDS

Package ID #: 0022004-001407		
Name: COMSUBGRU-7, YOKOSUKA, JAPAN/IDENTIFICATION OF POTENTIA AKA:		
Social Security Number:		Context: Impersonal Title
Date of Birth:	State of Birth:	Country of Birth: US - United States of America
Case Number: 06MAR12FEYK01254YCR		Dossier:
DCII INDEX CODE: G = 25 years	RECORD SERIES #: 5580/4d(5)	Date Closed: 03/06/2012
RECORD SERIES (FILE PLAN) Gen Mgmt, Sec & Safety Svcs - Provide Security Svcs - Law Enforcement - Non-Investigative Reports - NCIS Operations Reports (NORS) Non-Investigative Reports		
Comments:		
<input type="checkbox"/> No Polygraph Examination Conducted	<input type="checkbox"/> No Sexual Offender Registry Completed	
<input type="checkbox"/> Finger Prints Submitted to Code 23C2	<input type="checkbox"/> No Final Disposition Report to FBI	
CIS - _____ / _____ <input type="checkbox"/> Closed Status <input type="checkbox"/> Dup Title <input type="checkbox"/> Dup CCN		
Disclosure/Accountability Statement: If this investigation is disseminated outside NCIS, complete NCIS Form 009/10-80, and ensure it is retained in the case file.		
 RUR0011FTA		1 2 / 4 8 4 9
(b)(6), (b)(7)(C) _____ Typed Name of SSA		certify that this document has been reviewed and is complete.
19MAR12 DATE		(b)(6), (b)(7)(C) _____ SIGNATURE

Unclassified when separated from attachment unless otherwise indicated.

FOR OFFICIAL USE ONLY

Privacy Act Statement
Privacy Sensitive - Any misuse or unauthorized disclosure may result in both civil or criminal penalties

U.S. NAVAL CRIMINAL INVESTIGATIVE SERVICE

REPORT OF INVESTIGATION (INFO)

06MAR12

INTEGRATED SUPPORT (II)

CONTROL: 06MAR12-FEYK-0125-4YCR

I/COMSUBGRU-7, YOKOSUKA, JAPAN/IDENTIFICATION OF POTENTIAL
VULNERABILITIES TO USN BY HUSBANDING SERVICE PROVIDERS

MADE AT/FEYK/YOKOSUKA JAPAN [REDACTED], SPECIAL AGENT

REFERENCE

(A) NCISRA Yokosuka, Japan ROI (INFO)/S/MILITARY AGENCY SERVICES
PTY LTD, SYDNEY, AUSTRALIA/CCN: 28OCT11-FEYK-0637-4MCR

NARRATIVE

1. On 15Feb12, RA met with [REDACTED] [REDACTED] [REDACTED] [REDACTED] RA asked to meet with [REDACTED] for the propose of facilitating dialogue with him regarding fraud vulnerabilities with the port visits for the USN, particularly with Husbanding Service Providers (HSP). As background, [REDACTED] provided information regarding Military Agency Services (MAS), Sydney, Australia, and the cost mischarging to the USN during a submarine port visit in 2010. As [REDACTED] has many years experience with the USN and with port visits, he was able to recognize when MAS fraudulently charged the USN for services that were provided free of charge by the Royal Australian Navy and him, personally. This fraud identification saved the USN approximately \$60,000; Reference (A) pertains. While meeting with [REDACTED] he mentioned that if there were several US Government employees like him across the USN, they could potentially save the USN millions of dollars.
2. RA was introduced to [REDACTED] and then provided an overview of the NCIS Economic Crimes Program. RA related that due to the past interview with [REDACTED] for the MAS incident, RA recognized the major vulnerability with regard to husbanding services providers and acknowledged that [REDACTED] idea of many people like him (experience and training) could potentially save the USN millions of dollars a year. RA asked both [REDACTED] to outline how they work together to identify what items are required during a port visit, what items are costly, and what and how items are questioned when they seem to be incredulous.
3. [REDACTED] provided a basic step-by-step process on how their command provides oversight for the costs of the contracted port visits in foreign ports in the Far East (including Japan). They informed RA that when a port visit is scheduled, the main contractor, Glen Defense Marine Asia (GDMA) is notified and provides the USN [REDACTED] with pre-cost estimates from a minimum of three husbanding

FOR OFFICIAL USE ONLY

PAGE 1

WARNING
THIS DOCUMENT IS THE PROPERTY OF THE NAVAL CRIMINAL INVESTIGATIVE SERVICE
CONTENTS MAY BE DISCLOSED ONLY TO PERSONS WHOSE OFFICIAL DUTIES REQUIRE
ACCESS HERETO. CONTENTS MAY NOT BE DISCLOSED TO THE PARTY(S) CONCERNED
WITHOUT SPECIFIC AUTHORIZATION FROM THE NAVAL CRIMINAL INVESTIGATIVE SERVICE

SUBJ: I/COMSUBGRU-7/YOKOSUKA, JAPAN/IDENTIFICATION OF POTENTIAL VULN

U.S. NAVAL CRIMINAL INVESTIGATIVE SERVICE

service providers (HSP) for particular services required by the visiting submarine. These estimates are available for review on GDMA's website for (b)(6), (b)(7)(C) to review and to select. (b)(6), (b)(7)(C) stated that based on his training and experience, along with input from (b)(6), (b)(7)(C) and others with port visit knowledge; he makes a best value decision on which HSP to select from those provided on GDMA's website. (b)(6), (b)(7)(C) caveated by saying that the majority of the time, GDMA is one of the HSP's on the list of three and most of the time, they are the lowest cost HSP. (b)(6), (b)(7)(C) stated that he does his research on a company if he sees that they are the lowest cost HSP to make sure they are a legitimate company and have a good working history with the USN or other companies. Once the company has been determined to be legitimate and the best value for their services, (b)(6), (b)(7)(C) will select them as the HSP for a particular service. (b)(6), (b)(7)(C) stated that he always runs his selections by (b)(6), (b)(7)(C) for a secondary review as per (b)(6), (b)(7)(C) can see if something is out of the ordinary and if necessary, question why.

4. (b)(6), (b)(7)(C) provided an example of how his experience and knowledge of a submarine's requirements during a port visit have helped him to support (b)(6), (b)(7)(C) in demanding lower priced HSP services or options. (b)(6), (b)(7)(C) related that at a particular port visit, the HSP provided a high dollar barge for the purpose of garbage removal from the submarine. (b)(6), (b)(7)(C) stated that though the submarine required the refuse removal, there were cheaper options available. (b)(6), (b)(7)(C) related that during port visits to this particular port in the past, garbage trucks were utilized at a significantly lower cost. (b)(6), (b)(7)(C) was able to refuse the HSP's proposal and requested the lower costing trucks instead. Per (b)(6), (b)(7)(C) the HSP conceded and provided the trucks at the lower cost. A vulnerability in this area, as agreed upon by both (b)(6), (b)(7)(C) is if a Supply Officer or other Sailor aboard the submarine (or ship) with no knowledge or experience on what the proper procedures or requirements are were to be in charge of approving the proposal and invoice by the HSP, they could unknowingly be overspending or be taken advantage of by the HSP. (b)(6), (b)(7)(C) both acknowledged that it is a tough position to be in if the submarine or ship are about to leave and they are under pressure by their Commanding Officer to take care of all the invoices and paperwork in order to maintain an on-time departure record. This kind of pressure is what sometimes causes a pressure filled obligation to blindly sign invoices without questioning or reviewing them for suspicious or hidden costs. They both also acknowledged that there is too much of a quick turnover of SUPPOs and the responsibilities are handed to junior Sailors with no or little experience in port visits.

5. (b)(6), (b)(7)(C) related that it is because of their team approach to the selections, review, vetting, and scrutiny of the HSP's and invoices/cost proposals that they have saved COMSUBGRU-7 approximately

~~FOR OFFICIAL USE ONLY~~

PAGE 2

WARNING
THIS DOCUMENT IS THE PROPERTY OF THE NAVAL CRIMINAL INVESTIGATIVE SERVICE
CONTENTS MAY BE DISCLOSED ONLY TO PERSONS WHOSE OFFICIAL DUTIES REQUIRE
ACCESS HERETO. CONTENTS MAY NOT BE DISCLOSED TO THE PARTY(S) CONCERNED
WITHOUT SPECIFIC AUTHORIZATION FROM THE NAVAL CRIMINAL INVESTIGATIVE SERVICE

SUBJ: I/COMSUBGRU-7/YOKOSUKA, JAPAN/IDENTIFICATION OF POTENTIAL VULN

U.S. NAVAL CRIMINAL INVESTIGATIVE SERVICE

1.4 million USD annually. (b)(6), (b)(7)(C) added that COMSUBGRU-7's annual budget is around \$4.5 million USD. Because of these watchdog techniques resulting in considerable savings to the USN, (b)(6), (b)(7)(C) stated that he is in turn able to allow additional port visits for crew rest and relaxation, a great motivator and reward for a submarine crew.

6. During this meeting, RA, (b)(6), (b)(7)(C) all agreed that the methods utilized at COMSUBGRU-7 could be utilized on a larger scale with the surface navy. (b)(6), (b)(7)(C) suggested a representative for the DoN to monitor the HSP facet of the Navy would be beneficial on ensuring there is special attention to the vulnerabilities of foreign port visits by the USN. (b)(6), (b)(7)(C) agreed that training USN personnel in their duties to scrutinize and question every invoice before signing is something that seems beneficial, but not necessarily a top priority as ships movements and missions are primary concerns. They also both recognized that it may be difficult to convey the importance of hiring more people like (b)(6), (b)(7)(C) because of their constant need for travel. (b)(6), (b)(7)(C) added that if a GS employee did their job well, they save the USN more money than their position paid including travel expenses. (b)(6), (b)(7)(C) stated that an aircraft carrier port visit can potentially cost millions of dollars in HSP payments, but with the right people to verify and validate the costs and services, there is the potential to conduct the visits at a reasonable cost without any wasted funds.

7. Another vulnerability to the USN during port visits identified by (b)(6), (b)(7)(C) is that the new types of contracts for HSP's are mostly regional (covering a large area of responsibility). This means that only the big companies can compete for and bid on these contracts, leaving smaller independently owned companies that can provide the services at a quality level and at a smaller cost, are unable to participate in the competition process. According to (b)(6), (b)(7)(C) These contracts also have no pre-cost analysis to show a potential SUPPO or other reviewer what is a reasonable and allowable cost (comparables). The final point brought up regarding HSP vulnerabilities, is that in the contracts, all services and supplies should be identified and defined as Contract Line Item Numbers (CLIN). Because of the varying nature of port visits, not all services or supplies needed are noted as CLINS on the contracts. Because they are not listed, it is common for HSP's to charge high amounts for these non-CLIN items and the USN usually has to pay for them at what the HSP invoices them for.

8. (b)(6), (b)(7)(C) both stated they are available to be contacted regarding their participation in this meeting and would be glad to discuss their methods and experiences further if requested. (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) both related they would continue to complete their jobs with a focus on saving the USN money and to report any suspected fraud, waste, and abuse to NCIS.

DISTRIBUTION
NCISHQ: 023A
INFO: FEYK/002P
FOR OFFICIAL USE ONLY

WARNING
THIS DOCUMENT IS THE PROPERTY OF THE NAVAL CRIMINAL INVESTIGATIVE SERVICE
CONTENTS MAY BE DISCLOSED ONLY TO PERSONS WHOSE OFFICIAL DUTIES REQUIRE
ACCESS HERETO. CONTENTS MAY NOT BE DISCLOSED TO THE PARTY(S) CONCERNED
WITHOUT SPECIFIC AUTHORIZATION FROM THE NAVAL CRIMINAL INVESTIGATIVE SERVICE

SUBJ: I/COMSUBGRU-7/YOKOSUKA, JAPAN/IDENTIFICATION OF POTENTIAL VULN

PAGE 3 LAST (b)(6), (b)(7)(C) V2 LNY

CASE CONTROL		DATE
TRANSMITTED	(b)(6), (b)(7)(C)	7 MAR 12
CCS		7 MAR 12
MAILED		
XEROXED		
FAXED		
SSD		
PROCOMM		
DMS		
CLEOC UPDATED		

WARNING
 THIS DOCUMENT IS THE PROPERTY OF THE NAVAL CRIMINAL INVESTIGATIVE SERVICE
 CONTENTS MAY BE DISCLOSED ONLY TO PERSONS WHOSE OFFICIAL DUTIES REQUIRE
 ACCESS HERETO. CONTENTS MAY NOT BE DISCLOSED TO THE PARTY(S) CONCERNED
 WITHOUT SPECIFIC AUTHORIZATION FROM THE NAVAL CRIMINAL INVESTIGATIVE SERVICE